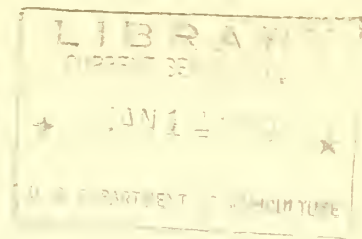


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CROPS AND MARKETS

FOR RELEASE MONDAY, JANUARY 12, 1959

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NEW PUBLICATIONS RELATING TO U.S. FOREIGN AGRICULTURAL TRADE

Available (single copies) free to persons in the
U.S. from the Foreign Agricultural Service, U.S.
Department of Agriculture, Washington 25, D. C.,
Room 5922. Phone: REpublic 7-4142, Ext. 2445.

Status of Cotton Purchase Authorizations Under Title I, Public Law 480.
Foreign Agriculture Circular FC 21-58.

1958-59 Coffee Crop Estimate Up Slightly. Foreign Agriculture Circular
FCOF 4-58.

Record 1958 World Breadgrain Crop Confirmed. Foreign Agriculture Circular
FG 13-58.

Lard, Tallow, and Greases: World Production and Trade Trends. Foreign
Agriculture Circular FLM 12-58.

World Wool Production Up Slightly in 1958. Foreign Agriculture Circular
FW 3-58.

World Tobacco Production Drops. Foreign Agriculture Circular FT 9-58.

World Jute Production Larger in 1958. Foreign Agriculture Circular
FVF 4-58.

Mediterranean Olive Oil Output Down But Still Above 1 Million Tons.
Foreign Agriculture Circular FFO 16-58.

U.S. CIGARETTE EXPORTS CONTINUE RISE

U.S. exports of cigarettes during the first 9 months of 1958, at 13,432 million pieces, were 7.6 percent larger than those for January-September 1957 and 11.7 percent larger than for comparable 1956.

There were increases in exports to Canada, Cuba, the Netherlands Antilles, Colombia, Venezuela, Peru, Sweden, Belgium-Luxembourg, Italy, and Kuwait. Decreases occurred in exports to Panama, Ecuador, Switzerland, Denmark, the Netherlands, France, and Spain. Average declared export valuation during the first 9 months of 1958 was \$4.22 per 1,000 pieces.

CIGARETTES: U.S. exports, by principal countries of destination,
January-September 1956-58

Country of destination	January-September		
	1956	1957	1958
	Million pieces	Million pieces	Million pieces
Canada.....	245.2	241.8	247.8
Panama, Republic of.....	380.0	403.3	187.6
Cuba.....	248.6	289.3	326.4
Netherlands Antilles.....	264.4	242.2	513.0
Colombia.....	229.2	92.2	249.8
Venezuela.....	1,419.1	1,628.0	1,946.1
Ecuador.....	227.6	363.2	302.0
Peru.....	123.1	152.0	199.8
Sweden.....	541.6	453.5	472.7
Switzerland.....	338.7	201.0	196.1
Denmark.....	283.9	349.5	342.7
Netherlands.....	318.0	311.3	310.6
Belgium-Luxembourg.....	369.6	443.0	694.9
France.....	636.3	1,079.5	892.3
Spain.....	447.3	71.7	3.5
Germany, West.....	401.8	403.0	314.5
Italy.....	296.3	326.2	379.4
Kuwait.....	251.7	290.2	380.6
Malaya 1/.....	502.5	643.2	666.6
Hong Kong.....	635.2	832.5	831.9
Morocco 2/.....	1,270.0	1,456.7	1,529.0
Others.....	2,591.5	2,211.2	2,445.1
Total.....	12,021.6	12,484.5	13,432.4
Value (1,000 dollars).....	44,941	48,964	56,690

1/ Includes Singapore. 2/ Includes Tangier.

Compiled from Bureau of the Census records.

BRAZILIAN TOBACCO PRODUCTION STABLE

Brazil's 1957-58 tobacco crop is now estimated at 309 million pounds--well below earlier estimates. The 1956-57 harvest totaled 319 million pounds.

Early forecasts place the 1958-59 crop at about 309 million pounds. Crops of Virginia flue-cured and Bahia cigar tobacco are expected to be larger than the previous season's, but production of Amarillo flue-cured and native air-cured may decline.

Domestic prices have risen about 20 percent for cigarette leaf tobacco from the 1958-59 crop harvested so far, and prices of other types are expected to increase correspondingly.

SWEDISH RETAIL TOBACCO
OUTLETS TO BE EXPANDED

Under legislation effective January 1, 1960, any shop in Sweden will be permitted to sell tobacco products, a privilege previously restricted to tobacco shops, kiosks, restaurants and a few other establishments. Fair trade prices are to be fixed in the same manner as at present.

The Tobacco Monopoly has proposed abolishment of the discriminatory higher tax on imported tobacco products. The latter would be subject to the specific tariff proposed in the joint Nordic tariff schedule (about U. S. \$1.08 per pound for cigarettes), and to an ad valorem tax fixed by the government. The Customs Office, rather than the Monopoly, will collect taxes on dealers' imports.

The new system is expected to increase imports by dealers, who will buy jointly through their Stockholm agency, Tobakshandlarnas Riksförbund. In general, it should improve tobacco product marketing possibilities in Sweden.

ONTARIO TOBACCO AUCTION REOPENS

The Ontario flue-cured tobacco auction in Tillsonburg reopened December 1. Auction sales had been discontinued 3 days after the original opening in November because tobacco buyers would not pay the minimum prices set for a number of leaf grades.

Buyers claimed that much leaf was damaged by MH 30 spray, applied during the growing season for sucker control. They believed that tough, thick leaf and that with discolored tips should be down-graded or that lower minimum prices should be set. The problem was referred to the Tobacco Arbitration Board. An agreement was reached allowing the markets to reopen, but details of the settlement have not been made public.

The Ontario Flue-Cured Tobacco Growers Marketing Board reported that as of December 5, 1958, a total of 8.9 million pounds had been sold in the province. The average price was 51.5 cents per pound.

EL SALVADOR HAS RECORD COTTONSEED CROP

El Salvador's 1958-59 cottonseed crop is estimated at a record 91,300 short tons, one-fourth more than the 1957-58 crop and over 5 times the 1951-52 outturn. A crop this size will provide 25,000 to 30,000 tons for export as such or, after crushing domestically, as cottonseed oil.

As part of a program to encourage exports other than coffee, El Salvador is seeking new outlets for its cottonseed and cottonseed oil. Opportunities to increase domestic consumption appear to be limited.

COTTONSEED: El Salvador, production and distribution crop years 1951-52 to 1958-59 1/

Crop year	Production	Distribution	
		Seed and waste	Crushing & export
	Short tons	Short tons	Short tons
1951-52.....	17,645	1,615	16,030
1952-53.....	18,800	925	17,875
1953-54.....	22,800	1,290	21,510
1954-55.....	35,935	2,275	33,660
1955-56.....	55,265	1,930	53,335
1956-57.....	61,635	2,115	59,520
1957-58.....	69,880	3,155	66,645
1958-59 2/	91,300	3,050	88,250

1/ Year beginning August 1. 2/ Preliminary estimate.

Source: Cooperativa Algodonera Salvadorena.

COTTONSEED AND COTTONSEED OIL: El Salvador, exports, calendar years 1951-57

Year	Cottonseed	Cottonseed oil
	Short tons	Short tons
1951.....	0	416
1952.....	0	652
1953.....	0	738
1954.....	6	1,039
1955.....	136	1,319
1956.....	194	1,798
1957 1/	234	1,490

1/ Preliminary.

Compiled from official sources.

NEW ZEALAND TO EXPAND DAIRY
TRADE TO SOUTH AMERICA WITH
DIRECT SHIPPING

The New Zealand Dairy Products Marketing Commission recently arranged for direct shipping service from New Zealand to South America. The first vessel to sail under this arrangement was loaded at Auckland in late November and was scheduled to sail from Lyttelton around December 15, 1958. Carrying a total of about 500 tons of butter, butter oil, and nonfat dry milk, the ship is scheduled to call at the Peruvian ports of Mollendo and Callao.

Peru is the principal West Coast dairy market of South America. During the marketing year which ended July 31, 1958, New Zealand's exports of dairy products to Peru were as follows: butter 150,000 pounds; butter oil 230,000 pounds; and nonfat dry milk 372,000 pounds.

JAPAN'S AGRICULTURAL IMPORTS
LOWEST IN SEVERAL YEARS

Over 90 percent of Japan's agricultural imports from the United States consist of 7 items--wheat, barley, corn, hides and skins, soybeans, cotton and tallow. Imports of these commodities from all sources during July-September 1958 totaled \$180 million--up slightly from the previous 3 months, but otherwise the lowest quarterly total since October-December 1955.

For the first 9 months of 1958, imports of these 7 commodities were 12 percent less than for the corresponding period of 1957. This was mainly due to the sharp reduction in imports of raw cotton to accord with the textile industry's production cutback.

Only wheat imports showed an increase in value, and this was very small. In quantity, however, wheat imports increased more than 10 percent. Imports of corn and soybeans increased substantially in quantity, but values were down because of lower prices. Although Japan's leather output in the first 9 months of 1958 was down more than 10 percent from the previous year, imports of hides and skins declined less than 2 percent.

Imports of the main agricultural products from the United States declined 16 percent in the January-September period; from all other sources the drop was only 8 percent. Cotton imports from the United States and most other sources were down sharply. Mexico, Salvador, and Nicaragua, however, showed strong gains. Although the United States continues to be Japan's leading supplier of wheat, shipments were down during the period under review. Imports from Canada were larger than for any other January-September period. Australia made a strong comeback over 1957, but did not match the 1956 level.

Imports of U. S. corn during the 9 months were larger than for any previous entire year. Imports of U. S. soybeans were up one-third, while those from Mainland China were down nearly 50 percent. Japan imported practically no soybeans from China during July-September because of the trade embargo imposed by China last spring.

Japan's imports of hides and skins from Australia more than doubled, but declined from most other countries. In the Japanese market for tallow, both Canada and New Zealand showed gains, while the United States and Australia lost ground compared to the first 9 months of 1957.

JAPAN: Imports of selected agricultural products, from all sources and from the United States, January-September 1956-58

QUANTITY

Commodity	1956		1957		1958	
	Total	From U.S.	Total	From U.S.	Total	From U.S.
	1,000	1,000	1,000	1,000	1,000	1,000
	met. tons	met. tons	met. tons	met. tons	met. tons	met. tons
Wheat.....	1,640	683	1,609	955	1,787	877
Barley.....	692	247	661	113	601	334
Corn.....	195	77	369	197	434	275
Hides & skins:	57	38	56	39	55	38
Soybeans.....	622	456	621	445	687	590
Cotton <u>1/</u>	2,031	706	2,128	1,188	1,805	812
Tallow.....	83	74	99	81	88	72

VALUE

	1956		1957		1958	
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Wheat.....	118.5	47.5	119.3	71.4	121.1	60.5
Barley.....	46.3	16.4	45.2	7.0	35.0	19.0
Corn.....	14.3	5.8	26.7	14.0	26.5	16.8
Hides & skins:	22.4	14.2	22.6	14.3	19.6	11.8
Soybeans.....	73.9	52.9	73.2	52.1	68.9	59.1
Cotton.....	338.1	120.4	330.0	177.8	269.9	115.8
Tallow.....	17.6	15.7	21.4	17.4	18.9	15.4
Total....	631.1	272.9	638.4	354.0	559.9	298.4

1/ 1,000 bales of 480 pounds net.

UGANDA ESTABLISHING COCOA INDUSTRY

Uganda plans to go ahead with the cocoa development program it started last year. Cocoa seedlings were planted on 15 acres in eastern Buganda province last spring, and it is planned to expand this area to 100 acres in 1959; 300 acres in 1960; 450 acres in 1961; 600 acres in 1962; and 1,000 acres in 1963.

There apparently is considerable land suitable for the growing of cocoa, and it is believed that cocoa would yield 1,500 to 2,000 pounds annually where coffee would yield only 1,000 pounds. However, as many of the cocoa plantings will be made on land now in profitable crops, the program cannot be pushed too fast.

SWAZILAND DEVELOPING NEW SUGAR "FARMS"

Two "corporation farms" are being developed in Swaziland primarily for producing sugar.

One, a part of the Swaziland Irrigation Scheme, is in the northern section between the Komati and Black Umbuluzi Rivers. It covers 13,000 acres, and the operating company has been authorized to manufacture 40,000 tons of sugar annually.

The other farm, Ubombo Ranches, is in the Big Bend area of the Great Usutu River near the Natal border. It now has 1,500 acres in cane, and independent farmers in the area have 2,000 acres. Plans call for 9,500 acres by the end of 1960. The operating company expects to grow two-thirds of the cane needed by the local mill when running at capacity. The other third probably will be grown by the independent farms in the region. Until a larger mill can be built, a pilot plant is processing available cane.

Swaziland's potential sugar output is perhaps 600,000 short tons per year, but production to date has been very small.

ARGENTINE WOOL SALES UP SHARPLY

According to the Economic Survey (Buenos Aires), 89,631 bales of wool and tops were declared for export by Argentina between October 1 and December 6, 1958. Of this total, 68,023 bales (about 63 million pounds) were greasy and scoured wool and 21,608 bales were tops. Declarations of sales to the United States included 12,723 bales of raw wool and 319 bales of tops.

Actual exports by Argentina during the first 2 months of the 1958-59 season (October-September) were 34,279 bales, compared with 3,344 bales in the same period of the previous season. The low level of exports during most of 1957-58 resulted in an unusually big carryover on October 1, estimated at about 185 million pounds. Export sales since October 1 have been very large, accounting for about 20 percent of this season's sizable exportable surplus.

POLAND TO SEND MORE
MEAT TO U.K.

Poland plans to export more canned meat to the United Kingdom during 1959 than last year, according to new trade lists prepared by the two countries under their usual trade agreement. In January-October 1958, the United Kingdom imported 2,149 long tons of Polish canned bacon and hams and 1,475 tons of other canned pork.

Poland's planned exports to the United Kingdom include up to 47,000 long tons of cured bacon, the same as the 1958 quota.

U.S. POSITION IN U.K. LARD
MARKET FAIRLY STEADY

The United Kingdom's imports of lard during January-October 1958 were at the level of the corresponding period of 1957. Imports in October, however, were 16 percent smaller than in October 1957.

During the 10-month period, the U.S. share declined to 53 percent from 64 percent in 1957, but has been steady during recent months. Shipments from Belgium declined 9 percent. Denmark increased its exports by 34 percent, France by 54 percent, and the Netherlands by 76 percent.

LARD: United Kingdom imports by country of origin, and percent of total, January-October 1957 and 1958

Country of origin	January-October 1957		January-October 1958	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	Percent	1,000 pounds	Percent
Argentina.....	3,865	2.0	130	0.1
Belgium.....	22,470	11.3	20,500	10.3
Denmark.....	13,983	7.0	18,717	9.4
France.....	19,329	9.7	29,782	15.0
Germany, West.....	292	0.1	312	0.2
Netherlands.....	11,632	5.8	20,427	10.3
Sweden.....	222	0.1	2,603	1.3
United States.....	127,382	63.8	105,394	53.0
Other.....	339	0.2	884	0.4
Total.....	199,514	100.0	198,749	100.0

Source: U.S. Packers Provision Agents' Committee, United Kingdom.

"HEIFER PROJECT" SHIPMENTS
TO GREECE PROGRESSING

Heifer Project, Inc., an interfaith relief and rehabilitation organization, announces that shipments of 150 Jersey bulls to Greece will be completed by March 31. They began in September. The bulls will be used on pure-bred herds and for cross-breeding on native cattle. All of them have been contributed by U. S. breeders.

NEW ZEALAND HAS RECORD
LAMB CROP

This season's record lamb crop may make it possible for New Zealand to export about 16 million carcasses. Lamb-killing is now in full swing.

A record 31 million lambs were born this spring (October-December in New Zealand), around 3 million more than the previous record, set in 1957. Not only were there more ewes, but the lambing percentage of over 100 was the highest ever recorded. (The lambing percentage is the number of lambs saved as a percentage of the number of ewes bred.) The number of breeding ewes was reported at 30,878,000, an increase of about 2 million over 1957's record numbers.

Lamb exports in 1958 totaled 15 million carcasses. It is expected that exportable supplies of 1 million more this year can be marked in North America and elsewhere outside the United Kingdom.

ARGENTINA TO CUT
MEAT CONSUMPTION

Argentina has decreed that meat consumption must be cut 30 percent from the level of July 1958. All slaughtering houses and meat-packing companies must comply. In addition, all restaurants, hotels, and other establishments serving food are forbidden to serve meat on Mondays and Fridays. Furthermore, the Argentine Secretariat of Agriculture and Livestock has been authorized to close all unsanitary or inefficient slaughtering installations.

Although it is too early to gauge the effect of these measures, it is fairly certain that more cattle will be slaughtered for export this year than has been expected. Exports will also be stimulated by the recent freeing of the Argentine peso. If meat prices are left to the play of supply and demand, further sharp rises on the domestic market can be expected.

Cattle prices rose sharply in Argentina as the peso was freed from the official parity of 18 to U. S. \$1 on January 1, 1959. At the Laniers Market, livestock prices rose by about 20 percent. The free market rate of the peso on December 29 was 69 to the dollar.

AUSTRALIAN-U.S. BEEF SHIPMENTS

The S.S. MONTEREY sailed from Australia on December 13 for San Francisco. It carried 205 long tons of frozen beef.

PAKISTAN HAS GOOD RICE CROP

Weather in East Pakistan during the important growing month of November was ideal for aman (winter-crop) rice. This crop accounts for about 71 percent of Pakistan's annual rice production (see Foreign Crops and Markets, September 15, 1958.)

Rice acreage in West Pakistan increased substantially in 1958-59. Weather was generally favorable, so production in that area is larger than in 1957-58. The increase is due to the "Grow More Food" campaign and ample canal water at sowing time.

After a 9-day trip in East Pakistan, Pakistan's Minister of Central Food and Agriculture claimed that the food position is "satisfactory", and that government food grain stocks are adequate. He announced that the government plans to procure 200,000 long tons of domestic rice by April 1959 to bolster its stocks.

FIRST STAGES OF EUROPEAN COMMON
MARKET EFFECTIVE JANUARY 1

The first tariff and import quota adjustments of the long-heralded European Common Market became effective on January 1.

France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg reduced their tariffs for each other by 10 percent and increased their import quotas for each other by 20 percent. This was the first step toward the gradual removal of all tariffs among themselves during a "transitional period" of 12 to 15 years.

The Common Market countries also put into effect provisionally a 10-percent unilateral reduction of duties to all member countries of GATT (General Agreement on Tariffs and Trade) and certain other countries, with the following qualifications: No rates of duties are to be lowered beyond the expected level of proposed common external tariff where known. Each of the 6 Common Market countries is free to determine what tariff reductions would be granted, if any, to countries outside the Common Market on items for which the common external tariffs are not yet known. The tariff reductions are effective only for nonliberalized agricultural products and do not apply to European Coal and Steel Community products.

In general, tariff reductions on imports of agricultural products from third countries, including the United States, were limited. It is expected that there will be few, if any, immediate benefits to American agriculture. (A more detailed article on this subject will appear in the February issue of Foreign Agriculture.)

VENEZUELA TO GROW MEDIUM-GRAIN RICE

Venezuela has produced enough medium-grain seed that is resistant to the "hoja blanca" disease to plant around 42,000 acres in 1959. So far the resistance has been developed only in the medium-grain varieties.

The disease-resistant seed for 1959 was developed by the Rockefeller farms in Venezuela on about 2,200 acres. The objective now is to produce enough medium-grain rice to meet Venezuela's requirements until a disease-resistant, long-grain variety can be developed.

In 1956, Venezuela produced all of its own rice needs and had a large carryover. In 1957, production was reduced sharply by "hoja blanca." As a result, the country is now importing considerable quantities from Ecuador and Surinam at prices below those of U.S. rice.

ARGENTINA HARVESTS LARGE WHEAT CROP

The Argentine wheat harvest, now being completed, is reported somewhat larger than last year's crop. The first official estimate places the outturn at 237 million bushels, compared with 213 million a year ago and the 1950-54 average of 216 million bushels.

Wheat yields in most areas are reported very satisfactory despite drought during the growing season in some regions. Yields were expected to be lowest in Northern Santa Fe, Cordoba, and Entre Rios. Acreage seeded to wheat for the current crop was 7 percent above the sown area for the 1957 crop.

Though weather has been favorable for the movement of newly-harvested wheat, marketings have been light. The lag is attributed to growers' dissatisfaction with the guaranteed price.

CEYLON'S COPRA AND COCONUT OIL EXPORTS DOWN 30 PERCENT IN FIRST 3 QUARTERS OF 1958

Ceylon's exports of copra and coconut oil in the first 9 months of 1958 were 38,769 long tons, oil basis, a decline of about 30 percent from those of January-September 1957.

Copra exports in the first 3 quarters of 1958, totaling 18,855 tons, were about three-fourths the volume shipped in January-September 1957. Coconut oil shipments in the same period fell 30 percent to 26,890 tons.

Government control of exports of fresh coconuts cut shipments to 130 coconuts during January-September 1958 against 7,593,632 in the comparable period of 1957. Exports of desiccated coconut, on the other hand, increased 16 percent to 41,744 tons.

COPRA AND COCONUT OIL: Ceylon, exports by country of destination,
average 1935-39, annual 1957 and
January-September 1957 and 1958

Continent and country of destination	COPRA				COCONUT OIL			
	Average	1957 1/	January-September		Average	1957 1/	January-September	
	1935-39		1957	1958 1/	1935-39		1957	1958 1/
	Long tons	Long tons	Long tons	Long tons	Long tons	Long tons	Long tons	Long tons
North America:								
Canada.....	---	---	---	---	8,523	11,761	7,945	3,725
Other.....	1	---	---	---	2,119	1,199	784	1,505
Total.....	1	---	---	---	10,642	12,960	8,729	5,230
South America.....	---	---	---	---	1,433	822	754	257
Europe:								
Denmark.....	1,605	---	---	---	35	---	---	---
France.....	354	---	---	---	347	---	---	---
Germany, West.....	2/ 1,482	---	---	---	2/ 1,200	10	10	---
Greece.....	1,526	---	---	---	120	---	---	---
Italy.....	6,541	---	---	---	1,724	6,554	4,090	4,438
Netherlands.....	1,929	---	---	---	1,976	2,984	2,349	2,726
Sweden.....	---	---	---	---	3,573	---	---	---
Switzerland.....	---	---	---	---	84	224	162	195
United Kingdom.....	420	---	---	---	14,160	9,680	6,795	1,478
Other.....	2,644	---	---	1	3,938	3/ 1,068	3/ 1,068	4/ 1,559
Total.....	16,501	---	---	1	27,157	20,520	14,474	10,396
Africa:								
Egypt.....	425	---	---	---	2,433	876	826	1,187
Union of South Africa..	---	---	---	---	2,597	203	168	76
Other.....	6	---	---	---	1,354	1,578	654	1,391
Total.....	431	---	---	---	6,384	2,657	1,648	2,654
Asia:								
Cyprus.....	---	---	---	---	146	12	---	---
India.....	5/42,549	33,888	24,362	18,580	5/10,710	7,641	6,461	2,984
Iran.....	---	302	107	46	6	5,122	3,585	2,379
Iraq.....	20	160	42	99	315	1,091	750	200
Israel.....	---	---	---	---	15	---	---	---
Pakistan.....	5/	207	56	98	5/	2,821	2,351	2,643
Syria.....	60	---	---	---	164	---	---	5
Other.....	365	210	175	31	1,885	427	267	142
Total.....	42,994	34,767	24,742	18,854	13,241	17,114	13,414	8,353
Oceania.....	---	---	---	---	154	---	---	---
Grand total.....	59,927	34,767	24,742	18,855	6/59,013	54,073	39,019	26,890

1/ Preliminary.

2/ Total Germany.

3/ 1,018 tons to Poland and 50 tons to Finland.

4/ 1,504 tons to Poland and 55 tons to Finland.

5/ Pakistan included with India.

6/ Includes 2 tons to ships' stores.

Compiled from official sources.

ITALY'S 1959 WHEAT ACREAGE MAY BE DOWN

The Italian Government's call for reduced wheat acreage is believed to have caused some cut in acreage seeded for the 1959 harvest, though it is doubtful that the reduction is substantial. A cut in the official price for soft wheat and an announcement that prices would be reduced further in coming years were the government's first decisive steps to reduce acreage.

Heavy stocks of soft wheat remain a problem. Intensive export programs and the use of low-grade wheat as animal feed have reduced stocks somewhat but they are still large.

ARGENTINA DEVALUES ITS CURRENCY

Argentina has devalued its currency in connection with a comprehensive stabilization program announced by President Frondizi on December 23, 1958. Foreign exchange transactions, suspended a few days earlier, were scheduled to be resumed on January 5, 1959.

Under the new system, the peso will be permitted to fluctuate freely. Formerly, there were two principal exchange rates--a fixed "official" rate of 18 pesos per U.S. dollar, applicable to government transactions and much merchandise trade, and a "free" rate for services and other invisibles, as well as some commodities. During the past year, "mixed" rates (derived from specified percentages of the official and free rates) also were applied to an increasing number of commodities. It is probable that quotations for the new single rate will initially be about 70 to 80 pesos per dollar, slightly below the free rate during the final weeks of the old system.

Import restrictions as well as a complicated system of export controls are being virtually abolished. Foreign exchange transactions will be on a pay-as-you-go basis, with imports being financed out of receipts from exports. Commodities classified as non-essential will be subject to a schedule of import taxes varying according to essentiality. The exchange market will be bolstered by dollar loans to Argentina which have been made by the International Monetary Fund, the U.S. Government, and a group of private U.S. banks. These loans total \$329 million, part of which will be used for development financing and other purposes not directly associated with the current balance-of-payments problem.

A major purpose of the program is to stimulate exports, nearly all of which are agricultural. Basically, this task is more one of revival than expansion. From 1950 to 1957, for example, while overall exports of the United States and the world nearly doubled, Argentina's exports declined more than 25 percent largely because of the depressed state of Argentine agriculture. Thus any substantial increase in exports must be preceded by an increase in production. Prior to World War II, Argentina was a principal supplier of primary agricultural products to world markets.

SUEZ CANAL NORTHBOUND OILSEED
SHIPMENTS DOWN IN OCTOBER

Northbound movements of oilseeds through the Suez Canal in October were almost 9 percent below those of September and were one-fourth below October 1957 shipments.

October shipments of soybeans were much higher than those of the previous year, but these were more than offset by a 50-percent reduction in the quantity of copra moving northward. The decline from September resulted from smaller shipments of both soybeans and copra, only partially offset by larger shipments of peanuts.

October-September 1957-58 shipments were 13 percent below those of the 1955-56 marketing year (excluding July 1956, for which figures are not available). Smaller shipments of peanuts accounted for the lower quantity.

Northbound soybean shipments in October were 30 percent below those of September and were only one-third those of August (see Foreign Crops and Markets, November 10, 1958). However, both September and October shipments were much larger than normal for these months (the most recent 10-year averages prior to 1958 are 6,600 short tons and 18,200 tons, respectively). These larger shipments indicate sharply expanded Communist Chinese exports to European markets.

OILSEEDS: Suez Canal, northbound shipments, September and October 1957 and 1958, October-September 1955-56 and 1957-58 1/

Commodity	September		October		October-September	
	1957	1958	1957	1958	1955-56 <u>2/</u>	1957-58
	1,000	1,000	1,000	1,000	1,000	1,000
	short	short	short	short	short	short
	tons	tons	tons	tons	tons	tons
Soybean <u>3/</u>	0	50.7	1.1	35.3	508.2	519.2
Copra.....	89.3	60.6	110.2	56.2	771.6	784.8
Peanuts.....	12.1	3.3	14.3	12.1	369.3	136.7
Cottonseed.....	22.0	6.6	22.0	4.4	135.6	117.9
Flaxseed <u>4/</u>	2.2	1.1	1.1	3.3	43.0	37.5
Others.....	22.0	17.6	19.8	16.5	248.0	205.0
Total.....	147.6	139.9	168.5	127.8	2,075.7	1,801.1

1/ Marketing year 1955-56, rather than 1956-57 is given for use in comparisons since the Suez Canal was closed November 1956 through March 1957. 2/ Excludes July 1956, for which no figures are available. 3/ To convert to bushels use 33.3 bushels per ton. 4/ To convert to bushels use 35.7 bushels per ton.

Source: Suez Canal Authority, Monthly Bulletin (Cairo, Egypt).

NEW FLOUR MILL IN TANGANYIKA

A \$1-million flour mill owned by Unga, Ltd., a subsidiary of Kenya Farmers' Cooperative, opened October 31 at Dar es Salaam, Tanganyika. The mill's location will enable it to use either Kenya wheat or overseas wheat. Kenya wheat is expected to be delivered to the mill at the same prices paid by Kenya mills. The new mill will provide flour for the largest southern and central area of Tanganyika. An existing mill at Arusha will supply the flour needs of the populous Northern and Tanga Provinces.

MEXICO HAS NEAR-RECORD
COTTON CROP IN 1958-59

Mexico's 1958-59 cotton crop is currently estimated at 2,200,000 bales (500 pounds gross). Although slightly lower than earlier estimates, it is 6 percent larger than the 2,085,000 bales grown in 1957-58, and second only to the record 1955-56 crop of 2,250,000 bales. This season's larger crop was due to increased plantings, also the second highest on record.

Acreage in 1958-59 amounted to 2,490,000 acres, compared with 2,250,000 acres in 1957-58, 2,095,000 acres in 1956-57, and the record 2,700,000 acres in 1955-56. Acreage in 1959-60 may decline from 1958-59.

The 1958-59 crop is a record in the Matamoros and Mexicali districts and in the West Coast states of Sonora and Sinaloa. Ginning is almost completed, except in Mexicali where a scarcity of labor and a farmers' strike delayed picking.

COTTON: Mexico, acreage and production by regions, 1956-58

Region	State	Acreage			Production		
		1956	1957	1958 1/	1956	1957	1958 1/
		- - 1,000 acres - -			- - 1,000 bales 2/ - -		
Matamoros.....	Tamaulipas.....	672:	750:	840:	422:	453:	545
West Coast.....	Sonora-Sinaloa....	367:	451:	580:	356:	546:	611
Mexicali.....	Baja California...	420:	450:	470:	341:	410:	484
Laguna.....	Coahuila-Durango..	298:	243:	235:	355:	286:	255
Delicias.....	Chihuahua.....	172:	173:	173:	187:	254:	153
Juarez and							
Villa Ahumada...	Chihuahua.....	52:	51:	48:	40:	40:	41
La Paz.....	Baja California...	29:	49:	37:	31:	36:	25
Monterrey.....	Nuevo Leon.....	15:	13:	13:	12:	4:	5
Nuevo Laredo.....	Tamaulipas.....	31:	24:	30:	18:	20:	25
Don Martin	Nuevo Leon-						
(Anahuac).....	Coahuila.....	14:	6:	15:	5:	4:	5
Other.....		25:	40:	49:	23:	32:	51
Total.....		2,095:	2,250:	2,490:	1,790:	2,085:	2,200

1/ Preliminary. 2/ Bales of 500 pounds gross.

Heavy rains in September and October caused some grade deterioration, especially in the Delicias and Laguna districts. For the country as a whole, the proportion of Middling and better grades this year is believed to be less than 50 percent, compared with 60 to 70 percent in a normal season.

Cotton exports from Mexico in the 1957-58 season (August-July) totaled 1,417,000 bales, up 8 percent from 1956-57 exports of 1,310,000 bales. Shipments increased to all major importers of Mexican cotton except Japan, the United Kingdom, and France.

Quantities exported direct to principal destinations during 1957-58, with comparable 1956-57 figures in parentheses, were: Japan 232,000 bales (280,000); United States 74,000 (22,000); West Germany 48,000 (33,000); Switzerland 44,000 (4,000); Netherlands 32,000 (21,000); Canada 26,000 (2,000); United Kingdom 26,000 (33,000); Spain 23,000 (12,000); France 19,000 (48,000); Belgium 17,000 (11,000); and Italy 11,000 (5,000).

Cotton exports from Mexico were 697,000 bales during the first 3 months of the 1958-59 season (August-October), compared with 515,000 bales a year earlier.

In addition to direct exports to the United States and other countries, more than half of Mexico's 1957-58 exports moved through U. S. ports for transshipment to foreign destinations. Transshipments in 1957-58 amounted to 749,000 bales, down 17 percent from transshipments of 903,000 bales a year earlier. (Foreign Crops and Markets, November 17, 1958).

Cotton consumption in 1957-58 is estimated at 460,000 bales, down 3 percent from the 475,000 bales used in 1956-57. Tighter credit restrictions made it more difficult for the mills to move finished goods in 1957-58.

Cotton stocks on July 31, 1958, were estimated at 313,000 bales, up substantially from the 105,000 bales held a year earlier, and the highest level in several years. If present estimates of disappearance materialize, stocks at the end of the current season will be even larger.

Falling prices of Mexican cotton in the fall of 1958 caused considerable unrest among farmers in some areas. The government instituted various credit and financing programs in an effort to strengthen prices, but these programs were not effective and prices have continued to drop steadily. Matamoros spot cotton prices have declined more than 6 cents a pound since late May, while c.i.f. prices for Mexican cotton at Liverpool and Bremen have declined more than 5 cents a pound.

IRAN'S COTTON CROP SETS NEW RECORD

Iran's 1958-59 cotton crop is now estimated at a record 320,000 bales (500 pounds gross). This is an increase of 14 percent from the 1957-58 crop of 280,000 bales, and exceeds average production during 1953-57 by 18 percent. The record crop is attributed to timely rains in July and August, and a slight increase in acreage--from 625,000 acres in 1957-58 to 640,000 acres in 1958-59.

Iran exported an estimated 200,000 bales of cotton during the 1957-58 season (August-July), 11 percent more than 1956-57 exports of 180,000 bales. Principal destinations of the 1957-58 exports were France, the United Kingdom, West Germany, U.S.S.R., Hungary, Japan, Czechoslovakia, Italy, and the Netherlands.

Iran's cotton consumption has climbed steadily in recent years as a result of an increase in population and incomes. In the 1957-58 season 97,000 bales were used, compared with 90,000 bales in 1956-57, and 82,000 bales in 1955-56. Stocks on July 31, 1958, were estimated at 32,000 bales, down 32 percent from 47,000 bales a year earlier.

Prices for Iranian cotton on the Liverpool market have declined more than 6 cents a pound since January 1958. On January 2, 1959, Iranian SM 1-1/16" cotton was quoted at 28.90 cents a pound, c.i.f. Liverpool, compared with 35.15 cents a year earlier.

FREE WORLD COTTON PRODUCTION AND EXPORTS DECLINE IN 1957-58

Cotton production in the 1957-58 season (August-July) in principal Free World exporting countries is estimated at 25.6 million bales (500 pounds gross), a decline of 1.7 million bales or 6 percent from 1956-57 production.

The sharpest drop was in the United States, where production was down over 2.3 million bales from a year earlier because of lower yields and a 13-percent decline in harvested acreage. Sudan and Turkey also had much smaller crops, because of lower acreage and less favorable growing conditions. Smaller declines occurred in the Belgian Congo, Burma, Peru, and Iran. In most other Free World countries production increased, mainly due to larger acreage, or better growing conditions, or both.

Cotton exports from the major Free World exporting countries declined 1.9 million bales or 14 percent from 1956-57--mainly because of larger stocks of cotton and cotton products in most importing countries at the beginning of 1957-58, lower mill consumption, and tightening of available dollar exchange supplies in some countries, especially France, Japan, and Spain. Largest declines were in exports from the United States, Brazil, India, and Pakistan. Egypt and Mexico were among the countries showing increased exports.

COTTON: Production and exports, principal Free World exporting countries,
seasons 1956-57 and 1957-58

(Bales of 500 pounds gross)

Country	Production			Exports		
	1956-57	1957-58	Change	1956-57	1957-58	Change
	1,000 : bales	1,000 : bales	1,000 : bales	1,000 : bales	1,000 : bales	1,000 : bales
Belgian Congo.....	239:	205:	34:	150:	150:	57
Brazil.....	1,300:	1,330:	30:	215:	215:	165
British East Africa.....	428:	440:	12:	430:	430:	49:
Burma.....	75:	55:	20:	42:	42:	20
Egypt.....	1,492:	1,861:	369:	924:	924:	332:
El Salvador.....	137:	161:	24:	130:	130:	34:
French Equatorial Africa...	155:	185:	30:	179:	179:	28
Greece.....	234:	290:	56:	124:	124:	24
India.....	4,170:	4,425:	255:	227:	227:	123
Iran.....	285:	280:	5:	200:	200:	20:
Mexico.....	1,790:	2,085:	295:	1,310:	1,310:	107:
Nigeria.....	135:	205:	70:	111:	111:	3
Pakistan.....	1,317:	1,370:	53:	383:	383:	123
Peru.....	485:	476:	9:	385:	385:	7:
Sudan.....	617:	225:	392:	378:	378:	58:
Syria.....	426:	492:	66:	391:	391:	43:
Turkey.....	670:	550:	120:	417:	417:	90
United States.....	13,310:	10,964:	2,346:	134:	134:	1,958
	Net	Net	Net	Net	Net	Net
Total above countries..	27,265:	25,599:	-1,666:	14,091:	12,150:	-1,941

1/ Preliminary and partly estimated.

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